

# Factsheet: Historic OPEC+ Deal

# April 21, 2020

## KSA Leads Global Deal to Stabilize Oil Markets

The 10th OPEC+ Ministerial Meeting was held via videoconference on Sunday April 12th, chaired by Saudi Arabia's Minister of Energy, Prince Abdul Aziz Bin Salman, and co-Chair HE Alexander Novak, Minister of Energy of the Russian Federation.

The coronavirus pandemic has dramatically lowered global demand. As it has done for decades, KSA assumed its role as a global energy leader to negotiate this deal and help reduce the market imbalance.

## The Agreement – Reduction by 12.5m Barrels Per Day From OPEC+

KSA's Oil Minister, Prince Abdulaziz bin Salman explained that the OPEC+ production cuts are actually more than the 9.7 million barrels first announced in the agreement. The total number of OPEC+ cuts is 12.5 mb/d.

- Details: Additional OPEC+ cuts come from KSA (1.3 mb/d), UAE (1 mb/d) and Kuwait (0.5 mb/d)
- Next 6 Months: From July 1 to December 31, the total reduction agreed will be at least 7.7 mb/d.
- Next 16 Months: From January 1, 2021 to April 30, 2022, the total reduction will be at least 5.0 mb/d.
- Optional Extension: An extension of this agreement will be reviewed in December of 2021.
- Russia Paid the Most: Russia will cut output by 2.5 mb/d, more than any other country and more than 4 times the amount they refused to cut in early March, thanks to this deal.
- No U.S. Production Cuts: The agreement does not formally require the U.S. to commit to reductions.

## Cooperation with the U.S. Key to Final Deal

- The OPEC+ leaders remain committed to stabilizing energy markets and acknowledged the importance of international cooperation in reaching a deal, as did President Trump.
- OPEC+ will meet again on June 10 to determine if further actions are needed to balance the energy markets.

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## **G20 Contributions – Historic Cooperation = Cuts of 19.5 Million Barrels**

As the President G20, Saudi Arabia is leading a diplomatic coordination effort with G20 partner countries to commit to an even larger scale of reductions to further stabilize global energy markets.

- Saudi Oil Minister, Prince Abdulaziz Bin Salman, stated in U.S. media interviews that there are additional reduction commitments by other G20 oil producing countries as a result of this cooperative effort.
- In addition, purchases of large volumes of oil by Strategic Petroleum Reserves will bring the total production cuts amount to around 19 million barrels per day.

## **U.S. Industry – Voluntary Cuts, KSA Not Trying to Put U.S. Out of Business**

Saudi Arabia has not, and will not, seek to intentionally damage U.S. shale oil producers. The U.S. is not a party to OPEC+, and thus any U.S. cuts will be done on a voluntary basis.

- KSA does not view the global oil market as a zero-sum game. KSA's prosperity will not be improved by making other people less prosperous.
- KSA wants to save the entire global oil industry and help all producers. KSA's goal is shared growth.

## **KSA's Global Leadership to Bring Stability to Energy Markets**

This crisis is yet another example of KSA fulfilling its longstanding role of bringing stability to energy markets.

- There's a new spirit of cooperation within OPEC+. Over the past 2-3 weeks, KSA has organized the world to collaborate to find remedies of historic proportions.
- Oil-producing countries are taking a very large economic hit as mobility itself declines rapidly. But during a crisis like this KSA will be proactive and not get caught up in the dogmas of the past.

As long as all of our partners are ready to work cooperatively, KSA will be the first to commit to additional measures as the market continues to shift with new developments during this time of global crisis.

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